

AMENDED IN SENATE AUGUST 15, 2011

AMENDED IN SENATE JUNE 22, 2011

AMENDED IN ASSEMBLY MAY 27, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 187

**Introduced by Assembly Members Lara and Smyth
(Principal coauthor: Assembly Member Alejo)**

January 25, 2011

An act to add Section 8546.10 to the Government Code, relating to state government.

LEGISLATIVE COUNSEL'S DIGEST

AB 187, as amended, Lara. State Auditor: audits: high-risk local government agency audit program.

Existing law authorizes the State Auditor to establish a high-risk government agency audit program for the purpose of identifying, auditing, and issuing reports on any agency of the state that the State Auditor identifies as being at high risk for the potential of waste, fraud, abuse, and mismanagement or that has major challenges associated with its economy, efficiency, or effectiveness.

This bill would, subject to specified conditions, authorize the State Auditor to establish a high-risk local government agency audit program to identify, audit, and issue reports on any local government agency, including any city, county, or special district, or any publicly created entity that the State Auditor identifies as being at high risk for the potential of waste, fraud, abuse, or mismanagement or that has major challenges associated with its economy, efficiency, or effectiveness. The bill would also authorize the State Auditor to consult with the

Controller, Attorney General, and other state agencies in identifying local government agencies that are at high risk.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 8546.10 is added to the Government
2 Code, to read:

3 8546.10. (a) The State Auditor may establish a high-risk local
4 government agency audit program for the purpose of identifying,
5 auditing, and issuing reports on any local government agency,
6 including, but not limited to, any city, county, special district, or
7 any publicly created entity, whether created by the California
8 Constitution or otherwise, that the State Auditor identifies as being
9 at high risk for the potential of waste, fraud, abuse, or
10 mismanagement or that has major challenges associated with its
11 economy, efficiency, or effectiveness.

12 (b) In addition to identifying a local government agency as high
13 risk on the basis of weaknesses identified in audit and investigative
14 reports produced by the bureau, the State Auditor may consult
15 with the Controller, Attorney General, and other state agencies
16 that have oversight responsibilities over any local government
17 agency, in identifying local governments that are at high risk.

18 (c) The Bureau of State Audits shall be responsible for the state
19 costs associated with the high-risk local government agency audit
20 program, shall conduct the program as funds permit, and shall only
21 conduct the program to the extent that it does not interfere with
22 duties related to mandated audits and requests from the Joint
23 Legislative Audit Committee.

24 (d) (1) The State Auditor shall notify the Joint Legislative Audit
25 Committee whenever he or she identifies a local government as
26 at high risk.

27 ~~(2) The State Auditor shall notify the Joint Legislative Audit~~
28 ~~Committee at the start of any audit conducted pursuant to the~~
29 ~~high-risk local government agency audit program.~~

30 ~~(3)~~

31 (2) The State Auditor shall provide the Joint Legislative Audit
32 Committee, at a public hearing of the committee, an annual update
33 of all audits in progress.

1 ~~(4)~~

2 (3) If a local government agency has taken significant corrective
3 measures for deficiencies identified by the State Auditor, that
4 agency shall be removed from the high-risk local government
5 agency audit program.

6 (e) Notwithstanding the requirements of Section 10231.5, if the
7 State Auditor establishes the program provided for in this section
8 and the State Auditor determines that a local agency is at high risk,
9 the State Auditor shall issue audit reports at least once every two
10 years with recommendations for improvement in such a local
11 government so identified.

12 ~~(f) The Bureau of State Audits shall only conduct audits pursuant~~
13 ~~to this section to the extent the Legislature appropriates funds~~
14 ~~sufficient to cover the state cost of those audits.~~

15 (f) *Audits conducted pursuant to this section shall be approved*
16 *by the Joint Legislative Audit Committee.*